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Lumber suppliers shouldn't throw stones at steel houses

Many see steel as an affordable alternative to wood

by Robyn Taylor

NATIONAL REPORT — At first glance, the gleaming steel structure in the middle of a Southern California residential neighborhood closely resembles another piece of modern art.

But this is no sculpture. In the middle of the Corta Bella development in Murrieta, these pieces of metal, fit together like a giant erector set, represent the first of Coleman Homes' many steel-framed houses.

After years of using nature's own timber to construct homes, several builders, fed up with rising lumber prices, have turned to metal manufacturers for a wood substitute.

"Every time we turned around, wood prices were going up. Finally, we took the opportunity to look at steel," said Larry Smith, vice president of Coleman Homes.

(Continued on page 8)

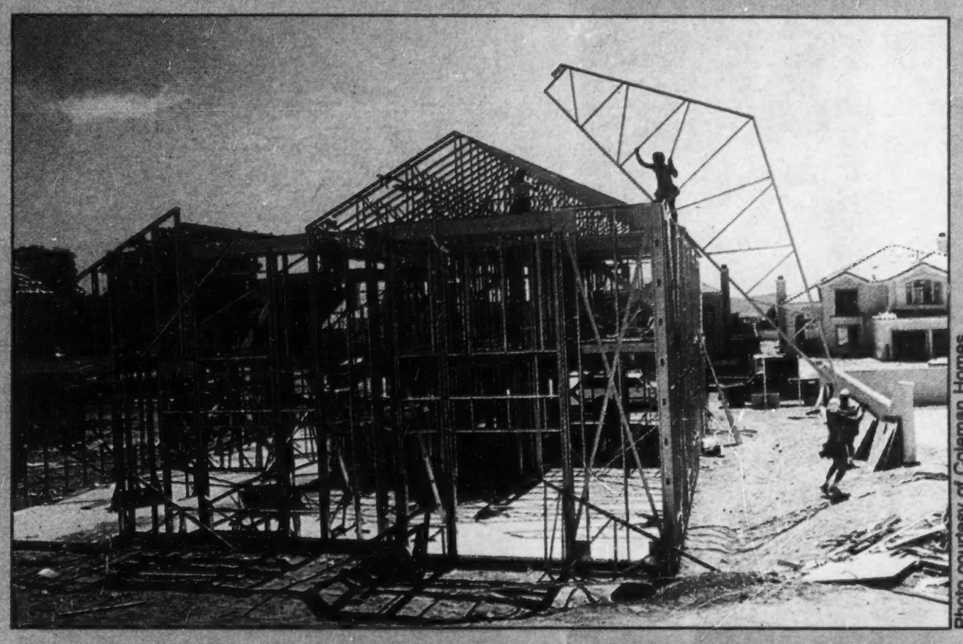


Photo courtesy of Coleman Homes

Rising lumber prices prompted Coleman Homes to turn to steel as a substitute for wood in the construction of its steel-framed homes.

Home Depot adding 2nd Expo in Atlanta

Aggressive growth continues

by Elizabeth Brent

ATLANTA — Home Depot continues its aggressive development of new store ideas and concepts that help it target a wider customer base.

The chain will open its second Expo unit in Atlanta and roll out 28,000-square-foot nurseries to all new units where real estate permits, according to Home Depot's senior vice president and chief financial officer, Ron Brill.

The new Expo will serve as a "laboratory" for the company's Southeast division, but its size and opening date have yet to be disclosed. By locating the unit in Atlanta, close to the corporate offices, the Expo will be within easy access of the chain's merchandising staff to fine-tune the concept.

The original Expo, a 120,000-square-foot home decor specialty store, was developed by Home Depot's Western division. It opened in September 1991 in San Diego and contains upscale displays of kitchens and bathrooms in a showroom atmosphere staffed with professional designers.

Depot insists that Expo is a laboratory store and not the start of a specialty store chain. The store does allow merchandisers a chance to play with home decorating ideas in a less-restrictive warehouse format.

But some new ideas have already trickled down to the chain's other warehouse stores, which have developed a far stronger home decor niche since the first Expo opened. The newer prototypes display more upscale merchandise and are staffed with interior designers.

Installed sales expanded

In keeping with this push towards the more affluent customer and the buy-it-yourselfer, Depot continues to expand its installed sales

(Continued on page 31)

Arkansas dealer seeks merger to expand

by Gary S. Ruderman

SPRINGFIELD, Ark. — "Very preliminary" merger talks continue between privately held National Home Centers and a publicly traded but little-known retail competitor.

Dwain Newman, president of the six-store National here, said "a lot of hard work and due diligence" was still to be done before his company could merge with Builders Warehouse Association Inc. (BWA). But even if the merger doesn't go through, National plans to double its retail space in the next year, according to Newman.

Newman said he was approached this summer by principals of BWA, a five-store dealer based in Conway, Ark. BWA, founded in August 1990, sells mostly to builders; National serves both DIY and builder customers.

BWA went public in September 1991 and is traded on the over-the-

(Continued on page 32)

Lack of enthusiasm pervades election

Some home center execs pick Bush as 'the lesser of two evils'

by John Caulfield

NATIONAL REPORT — Home improvement executives can't muster much enthusiasm about the prospects of the country being led over the next four years by either President George Bush or Arkansas Governor Bill Clinton.

The consensus among those contacted was that neither candidate has a compelling plan for stimulating the economy or exercising fiscal restraint.

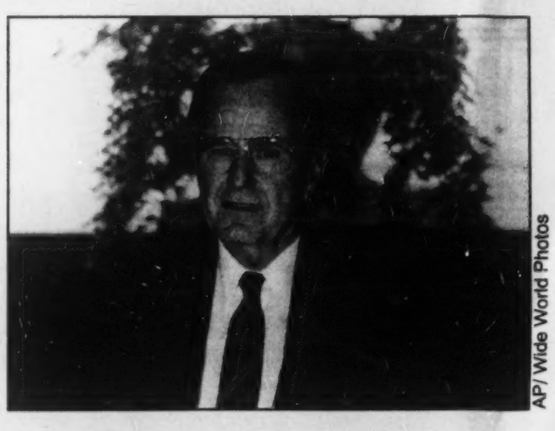
Arkansas Governor Bill Clinton

"We are in a hell of a pickle, and whoever gets in there will have to be much more responsive to the deficit and the budget because the size of the federal debt is crowding out private businesses" from borrowing, said Craig Sutherland, a managing partner with Sutherland Lumber.

"No one is willing to take a controversial stand, so there's no real choice," said Dan Cotter, president of Cotter & Co., the dealer-owned co-op.

Lowering taxes, cutting expenditures, reducing regulations, boosting consumer confidence and creating jobs are the main issues these officials believe the next chief executive needs to address. While the overwhelming majority preferred Bush, most spoke about "the lesser of two evils" when they made that choice.

In fact, many of the comments had the same tone of resignation voiced by Grossman's president Bruce Weitz, who lamented, half facetiously, that "the only way these issues are going to be solved, it seems, is luck."



AP/ Wide World Photos

President George Bush

It's too early to tell whether this disenchantment leaves the door open for Ross Perot, whose media- and ego-driven re-entry into the race on Oct. 1 has again reshuffled the political deck, though to what extent remains to be seen.

Sluggish growth a concern

Most of those contacted concede the

(Continued on page 12)

UPDATES

Newell's acquisition of Stanley halted

NEW BRITAIN, Conn.–The war of words and legal briefs between Stanley Works and Newell Cos. ended on Oct. 2, when the two hardlines suppliers reached an agreement that effectively halted Newell's acquisition of a controlling interest in Stanley.

A prepared statement issued by Stanley here said that Newell agreed to sell within one year its holdings in Stanley, which currently equal less than 1 percent of its total common shares. Newell will also resist in its attempts to gain control of Stanley for 10 years.

The pact was joined by the attorney general of Connecticut, who agreed to terminate the state's antitrust suit against Newell to prevent it from taking over Stanley, which is based in Connecticut.

Newell also agreed to pay $75,000 to cover costs related to this litigation, which was filed on July 1 in consolidation with a suit filed by Stanley.

Attorney general Richard Blumenthal said the agreement was "a tremendous victory for consumers and all businesses in the state."

Leeds files plan to exit Chapter 11

ATLANTA — A disclosure hearing in U.S. Bankruptcy Court here is scheduled on Oct. 19 for presentation and discussion of a reorganization plan for Leeds Building Products, the contractor-oriented chain that went into Chapter 11 last Nov. 22.

Jack Stone, Leeds' chief executive officer, said he was restrained by the court from discussing, in detail, the plan before it is mailed to creditors after the hearing.

In general, though, he revealed that the company will "center" on its remaining 11 stores in Georgia, Florida and South Carolina, which are projected by Stone to generate between $70 million and $75 million in sales in 1993.

(In August, the company sold five stores in North and South Carolina to Pelican Building Centers, bringing that chain's total to 16.)

George Poulos will continue to serve as the company's president and chief operating officer.Stone will remain as ceo.

To reduce its debt, which was around $50 million when Leeds went into bankruptcy, the company proposes a settlement with its unsecured creditors. Its lead secured creditor—CIT Business Credit—will continue to be the chain's banker after the reorganization plan is okayed. Stone confirmed that the plan calls for some of the debt to be "forgiven."

The ownership of the company, Stone said, will be redistributed, in the form of common and preferred shares of stock, to creditors. The plan also calls for the private investment group, which purchased 32 stores from Wickes Lumber in 1990 to form Leeds, to be "crammed out," in the parlance of bankruptcy law, meaning they will lose their position of ownership in the company.

Stone said he expects a confirmation of Leeds' plan by the end of November. However, the plan is likely to run into some opposition among vendors, several of whom said they were unhappy about the settlement and weren't sure how to assess the value of the stock to be distributed

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NEWS BRIEFS

Grossman president resigns

BRAINTREE, Mass.–In a completely unexpected move, Bruce Weitz resigned as president of Grossman's Inc. on Friday, Oct. 2.

Weitz, 44, will become president, chairman and ceo of Duane Reade Holding Corp., which operates a chain of 37 drug, health and beauty aid retail stores in the New York metropolitan area.

No explanation was given for the departure of Weitz, a Long Island, N.Y., native, who joined Grossman's in March of 1989 from the First National Supermarket chain, where he was eastern divisional president.

At Grossman's, Weitz's main accomplishment was shaking up a company that had been wracked by a disruptive bankruptcy and–in the opinion of some observers–hampered by lethargic management at a time when serious competition, in the forms of Home Quarters Warehouse and Home Depot, was planning to enter its markets in New England.

Through divestiture and store closings, Weitz trimmed Grossman's size to its current 140 stores from the 246 it operated when he joined the company.

Duane Reade presents Weitz with another turnaround and growth opportunity. It was recently purchased by Bain Capital, a Boston-based equity management firm. Weitz's appointment was identified in a prepared statement from Bain as part of Duane Reade's "growth plans."

Weitz was unavailable for comment at presstime. Grossman's stated that Thomas Schwarz, the company's chairman, will assume the responsibilities of president on an interim basis until a replacement can be found.

Syd Katz, Grossman's chief financial officer, would not say whether the company would be searching for Weitz's replacement internally or outside.

Channel to hire 'green thumb' for plant dept.

WHIPPANY, N.J. — Channel sees expanding its line of horticulture products as a way to grow.

Describing the 53-store chain as "amateurs when it comes to being in the plant and horticulture business," Channel's president and ceo Joe Nusim said he wanted a "pro" to boost sales of live plants.

The buyer is expected to join Channel at the start of 1993.

The expansion would mean that each of Channel's stores would have a live plant department. Now, such departments are scattered on a district-by-district basis.

The expansion does not mean that each of the stores would have the same line of live plants and horticulture products, Nusim stressed.

He wants a horticulture buyer who will be able to tailor the product line to a particular store.

Nusim wants live plants to equal 2 to 3 percent of total sales from its current 1 percent, which means if Channel hits its goal of $330 million in sales this year, $6 million would come from live plants.

COMMUNITY SERVICE

Roster of companies helping storm victims grows

MIAMI — *The following are some of the numerous companies that donated money and materials to the victims of Hurricane Andrew in Florida and Louisiana:*

• **Pennington Seed**, Madison, Ga., together with **Super-Valu Inc.**, Atlanta, donated batteries, candles, flashlights, cheese, raisins, cantaloupes, nectarines, soaps, diapers, work gloves, water, juices, charcoal.

• Maine lumber producers **Hancock Lumber, Thomas Hammond & Son** and **Sebago Pacific** donated two tractor-trailer loads of pine roofing and sheathing material to Florida.

• **Hill Behan Lumber Co.**, which operates stores in New Orleans, donated five truckloads of building materials, worth $20,000, to South Louisiana.

• **R.D. Werner** donated 50,000 pounds of food and health care supplies, more than 1,000 ladders and $55,000, all of which was distributed through the Salvation Army.

• **Rickel Home Centers**, South Plainfield, N.J., donated a trailer of paint supplies, concrete, trash cans, trash bags, flashlights and shovels.

• **Weyerhaeuser**, Tacoma, Wash., distributed six truckloads of lumber and building materials valued at $53,000 from its Harahan, La., DC, and donated $25,000 to the local chapter of the American Red Cross.

• **Georgia Pacific**, Atlanta, donated more than 20 trailer loads of structural panels, lumber and roofing felt, plus made cash donations to the Governor's relief funds in Louisiana and Florida American Red Cross and Salvation Army.

• Other manufacturers that donated building materials included **Boise Cascade,** Boise, Idaho; **Champion International Corp.,** Stamford, Conn.; **Hunt Plywood Co.,** Pollock, La.; **Louisiana Pacific Corp.,** Portland, Ore.; **Norbord Industries,** Val d'Or, Quebec; **Northwood Panelboard Co.,** Bemidji, Minn.; **Norbord Industries,** Toronto; **Riverwood International Corp.,** West Monroe, La.; **Union Camp Corp.,** Chapman, Ala.; **and Williamette Industries,** Portland, Ore.

• **DeWalt Industrial Tool Co.**, Hampstead, Md., donated $50,000 worth of corded and cordless power tools.

• **Thermos**, Schaumburg, Ill., provided a trailer load of 74-quart coolers to Houma, La., to help refrigerate food.

• **States Industries**, Eugene, Ore., donated hardwood plywood paneling and exterior siding to south Florida.

• **UnionTools**, Columbus, Ohio, donated 2,300 shovels and tools to help in the cleanup effort of Homestead, Fla., distributed from a trailer where Scotty's store once stood.

• **PakMix**, Toledo, Ohio, donated 47,000 pounds of repair materials to south Florida.

Storm relief raises new challenges

Industry must focus on long-term solutions to affordable housing

by Ken Schept

This is the third consecutive issue of *National Home Center News* that has contained stories describing the industry's response to Hurricane Andrew's devastation of South Florida and Louisiana.

The coverage reflects the terrible dimension of this catastrophe and the commensurate reaction by industry associations, retailers, wholesalers and suppliers.

In addition to emergency relief supplies, these organizations have sent enormous amounts of lumber and building materials into the affected communities to help with the recovery efforts.

The home improvement industry was positioned perfectly to be of assistance because of the nature of this disaster, in which tens of thousands of homes sustained major damage or were completely obliterated by the fearless storm.

We can all be proud to be part of an industry that responded to Andrew's wrath with competence and generosity. However, there is still much to do.

Late last month, a small group of industry executives met in Miami with officials from several local community organizations. By that time, food and at least temporary shelter were available to the storm's victims. But piles of mangled trees and debris and the deeply scarred homes and businesses bring the whole picture into focus and made it clear that rebuilding will be a daunting process, one that is expected to take three years.

Several lessons emerge from this natural disaster:

- The industry can respond quickly to a disaster;
- It is willing to provide much-needed lumber and building materials;
- But the emergency logistics could be made more efficient; and
- Long-term rebuilding requirements need attention.

Our challenge as an industry is to take these lessons and integrate them into a national plan for responding to the massive rebuilding needs in Florida and Louisiana; to other extraordinary disasters that may arise in the future and to the sustained need for affordable housing throughout the country.

All comments and questions are welcome and should be directed to Ms. Moira Danehy, director of the Home Improvement Industry Affordable Housing Coalition, at (212) 455-9855 (phone); (212) 682-5929 (fax).

Suppliers gear up to prove credibility

Seek to gain consumer confidence in their environmental claims

by John Caulfield

Is green marketing dead?

This provocative question was posed this summer by *Advertising Age*, the same publication that, in 1991, conducted a much-touted and jam-packed seminar on the efficacy of green marketing and manufacturing.

While it answered its own question with a firm no, *Ad Age* did allude to polls which showed consumers being more than a little skeptical about the environmental claims made by companies about their products and packaging. While more than 70 percent of 1,000 people polled admitted that labeling and advertising influenced their purchasing decisions, close to 30 percent said they rarely, if ever, believed environmental assertions.

Despite these doubting Thomases, there has been no shortage of companies casting the environmental hook to lure customers to their new products. Glidden's Spread 2000, a latex paint reputed to have no solvents or volatile organic compound (VOC) content, is being touted as a "clean-air formula." A Tucson, Ariz.-based supplier, Innovative Formulations, this month has been hyping its new partnership with Payless Cashways to promote (and, perhaps, validate) its roof paint and MirrorSeal roof-coating products—each free of lead, mercury and asbestos and low in VOCs.

Clorox, the maker of such well-known products as Kingsford Charcoal and Formula 409, has 50 people on staff dedicated specifically to environmental concerns, to which it has made a corporate commitment. For example, by the end of this year, 5 percent of all the packaging used by the company will be made from post-consumer waste, according to Sandy Sullivan, Clorox's consumer information and education manager.

As our stories, which begin on page 25, show, home improvement suppliers have been particularly active in their efforts to reduce the amount of packaging their products use. And new environmental marketing guidelines issued in late July by the Federal Trade Commission could help substantiate product and packaging claims.

But these initiatives must overcome resistance by consumers who understandably have become jaded by past environmental claims which turned out to be patently false. Suppliers and dealers have their work cut out for them to cure consumers of their allergy to most things marketed as "environmentally friendly."

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EDITORIAL OFFICES

New York 425 Park Ave., New York, N.Y. 10022,
212-756-5151/Fax: 212-756-5295

Publisher—WYATT KASH (756-5150)
Editor—KENNETH SCHEPT (-5149)
Executive Editor—John Caulfield (-5146)
Senior Editor—Elizabeth Brent (-5145)
Associate Editor—Ed Purce (-5144)
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Assistant Editor—Jeanette Hye (-5137)
Editorial Assistant—Diane L. Fristachi (-5142)
Art Director—Robert Brokman (-5091)
Graphic Designer—Angela Fontana (-5094)

Chicago 444 N. Michigan Ave., Chicago, IL 60611, 312-644-8688 Fax: 312-644-3256
Senior Editor—Gary S. Ruderman (645-5082)

Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004, 213-464-8321 Fax: 213-465-4287
Associate Editor—Robyn Taylor

Editorial Inquiries
Questions and comments regarding editorial material published in National Home Center News should be directed to the Editor, Ken Schept.

VP, Group Publisher—FRED FILER

ADVERTISING SALES/PRODUCTION

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Area Manager—Mark Cullum (-5085)
Office Manager—Beverly Wendtland (-5099)

San Francisco/Western U.S./Int'l 220 Montgomery St., Suite 930, San Francisco, CA 94104, 415-362-2575 Fax: 415-362-0319
Regional Manager—Richard J. Harrigan Jr.
Administrative Assistant—Audrey Hampshire

Tokyo Diamond-Friedman Ltd., Chain Store Age News, 1-4-2 Kasumigaseki, Chiyoda-ku, Tokyo, Japan 504-6750

Milan HOGA ITALIA s.r.l.
Piazza San Camillo De Lellis 1
20124 Milan, Italy
Tel: 02-66988424; Fax: 02-66984771

SUBSCRIPTION SERVICES

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813-664-6707
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